Town of Montverde, Florida
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MAYOR

Joe Wynkoop

TOWN COUNCIL

Jim Peacock	Council Member
Allan Hartle	Council Vice President
Billy Bates	Council Member
Jim Ley	Council Member

Town Manager	**Town Clerk**	**Finance/Accounting**
Paul Larino	Sandy Johnson	B.J. Cowan

FINANCIAL SECTION

McDirmit Davis

934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdirmitdavis.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Montverde, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the *Town of Montverde, Florida*, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of *Town of Montverde*, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Town of Montverde's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and pension plan disclosures on page 3 through 10 and 37 through 38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information. The other information comprises the introductory section but does not include the financial statements and auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 24, 2024, on our consideration of *Town of Montverde*'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *Town of Montverde*'s internal control over financial reporting and compliance.

McDirmit Davis

Orlando, Florida
June 24, 2024

As management of the *Town of Montverde, Florida* we offer readers of the *Town of Montverde's* financial statements this narrative overview and analysis of the financial activities of the *Town of Montverde* for the fiscal year ended September 30, 2023.

Financial Highlights

- The assets and deferred outflows of the *Town of Montverde* exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $9,100,857 (net position). Of this amount, $2,126,540 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by $2,249,830.
- As of the close of the current fiscal year, the *Town of Montverde's* governmental funds reported combined ending fund balances of $2,948,037, an increase of $579,345 in comparison with the prior year. Approximately 62% of this total amount, $1,830,155, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was $1,830,155, or 67% of total general fund expenditures.

Overview of the Financial Statements

The financial statements focus on both the Town as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the Town's accountability.

This discussion and analysis are intended to serve as an introduction to the *Town of Montverde's* (the Town) basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the *Town of Montverde's* financial position, in a manner similar to a private-sector business. They include a *Statement of Net Position* and a *Statement of Activities.*

The *Statement of Net Position* presents information on all of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the *Town of Montverde* that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities)*. The governmental activities of the *Town of Montverde* include general government, public safety, physical environment, transportation, and culture and recreation services. The business-type activities of the *Town of Montverde* include the Water Utility.

The government-wide financial statements include only the Town of Montverde itself (known as the primary government).

The government-wide financial statements can be found on pages 11 - 12 of this report.

Fund Financial Statements
A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The *Town of Montverde*, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the *Town of Montverde* can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds
Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The *Town of Montverde* maintains two individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and ARPA Special Revenue Fund which are considered to be major funds.

The *Town of Montverde* adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget on page 16.

The basic governmental fund financial statements can be found on pages 13 - 15 of this report.

Proprietary Funds
Town of Montverde maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The *Town of Montverde* uses an enterprise fund to account for the Water Utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide more detailed information for the Water Utility.

The basic proprietary fund financial statements can be found on pages 17 - 19 of this report.

Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 20 - 36 of this report.

Required Supplementary Information (RSI)
RSI can be found on page 37 - 38 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the *Town of Montverde*, assets exceeded liabilities by $9,100,857 at the close of the most recent fiscal year. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the Statement of Net Position on page 11.

Statement of Net Position as of September 30:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	$ 8,883,286	$7,291,923	$1,645,066	$ 728,371	$10,528,352	$8,020,294
Capital assets	2,678,794	2,232,843	2,477,959	2,026,490	5,156,753	4,259,333
Total assets	11,562,080	9,524,766	4,123,025	2,754,861	15,685,105	12,279,627
Deferred Outflows	82,313	133,052	52,468	65,449	134,781	198,501
Liabilities:						
Long term liabilities	259,862	362,785	182,003	120,728	441,865	483,513
Other liabilities	5,936,423	4,924,979	218,367	163,504	6,154,790	5,088,483
Total liabilities	6,196,285	5,287,764	400,370	284,232	6,596,655	5,571,996
Deferred Inflows	74,736	36,936	47,638	18,169	122,374	55,105
Net Position:						
Net investment in capital assets	2,599,977	2,115,479	2,411,359	2,026,490	5,011,336	4,141,969
Restricted	1,098,682	598,021	864,299	487,919	1,962,981	1,085,940
Unrestricted	1,674,713	1,619,618	451,827	3,500	2,126,540	1,623,118
Total net position	$ 5,373,372	$4,333,118	$3,727,485	$2,517,909	$ 9,100,857	$6,851,027

$5,011,336 (55%) of the Town's net position reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Net position that are subject to external restrictions as to how they may be used total $1,962,981 (22%). The remaining balance of *unrestricted net position* ($2,126,540 or 23%) may be used to meet the government's ongoing obligations to citizens and creditors.

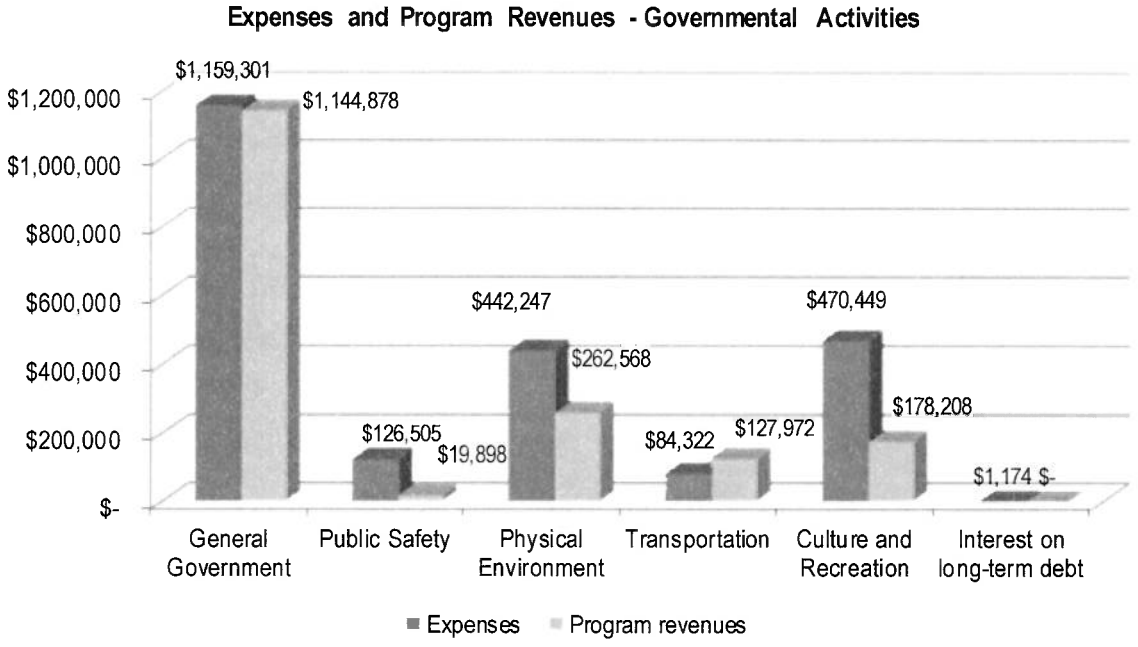
The Town's net position increased by $2,249,830 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 12.

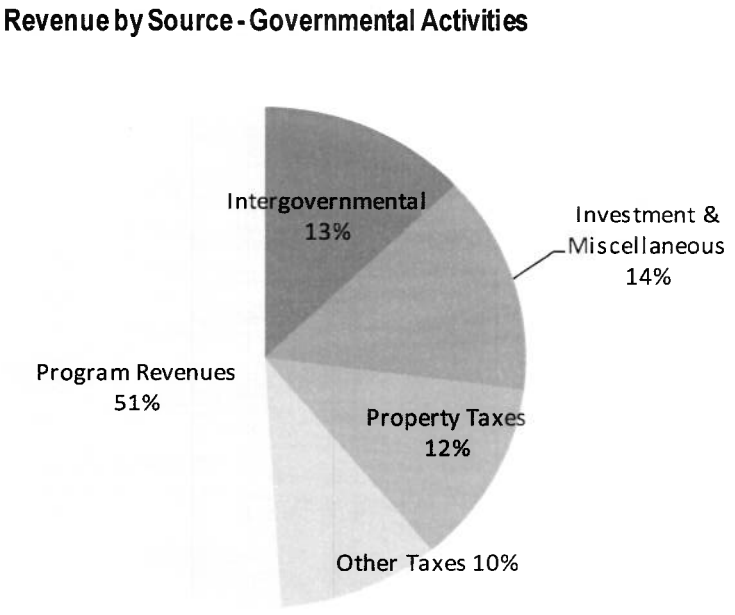
Changes in Net Position as of September 30:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues -						
Charges for services	$ 1,515,130	$ 680,626	$ 1,390,756	$ 814,344	$ 2,905,886	$ 1,494,970
Operating grants and contributions	218,394	91,002	-	-	218,394	91,002
Capital grants and contributions	-	1,025	413,887	333,042	413,887	334,067
General revenues -						
Property taxes	396,283	326,731	-	-	396,283	326,731
Franchise and utility Taxes	350,530	309,825	-	-	350,530	309,825
Intergovernmental	431,446	462,694	-	-	431,446	462,694
Investment income and other	481,977	23,636	3,687	-	485,664	23,636
Total revenues	3,393,760	1,895,539	1,808,330	1,147,386	5,202,090	3,042,925
Expenses:						
General government	1,159,301	774,210	-	-	1,159,301	774,210
Public safety	126,505	467,189	-	-	126,505	467,189
Physical environment	442,247	209,700	-	-	442,247	209,700
Transportation	84,322	270,871	-	-	84,322	270,871
Culture and recreation	470,449	400,797	-	-	470,449	400,797
Interest on long-term debt	1,174	1,748	-	-	1,174	1,748
Water	-	-	668,262	531,351	668,262	531,351
Total expenses	2,283,998	2,124,515	668,262	531,351	2,952,260	2,655,866
Increase (Decrease) in Net Position Before Transfers	1,109,762	(228,976)	1,140,068	616,035	2,249,830	387,059
Transfers	(69,508)	-	69,508	-	-	-
Increase (Decrease) in Net Position	1,040,254	(228,976)	1,209,576	616,035	2,249,830	387,059
Net position, October 1	4,333,118	4,562,094	2,517,909	1,901,874	6,851,027	6,463,968
Net position , September 30	$ 5,373,372	$ 4,333,118	$ 3,727,485	$ 2,517,909	$ 9,100,857	$ 6,851,027

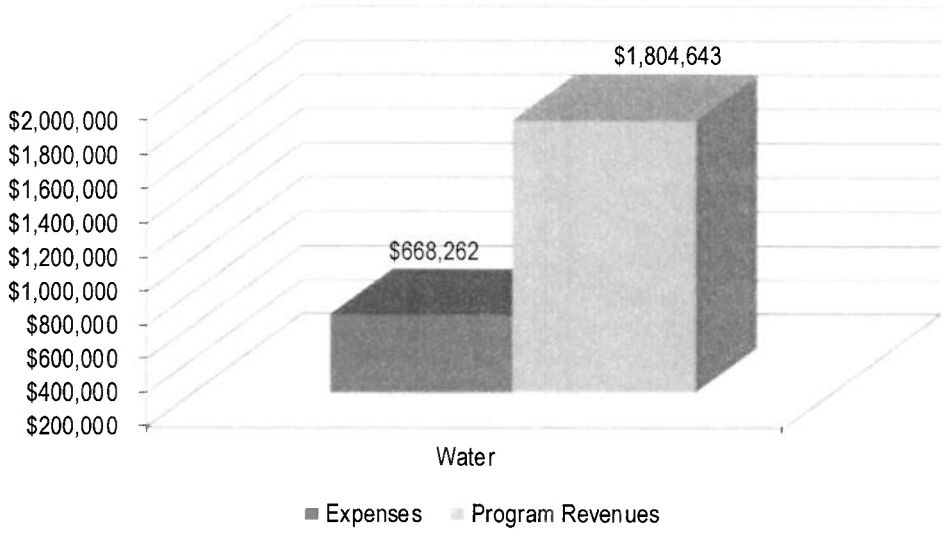
Governmental Activities
Governmental activities increased the *Town of Montverde's* net position by $1,040,254. This increase was primarily due to the increase in charges for services.

Business-Type Activities
Business-type activities increased the *Town of Montverde's* net position by $1,209,576. This increase was primarily due to the increase in impact fee revenues and charges for services.

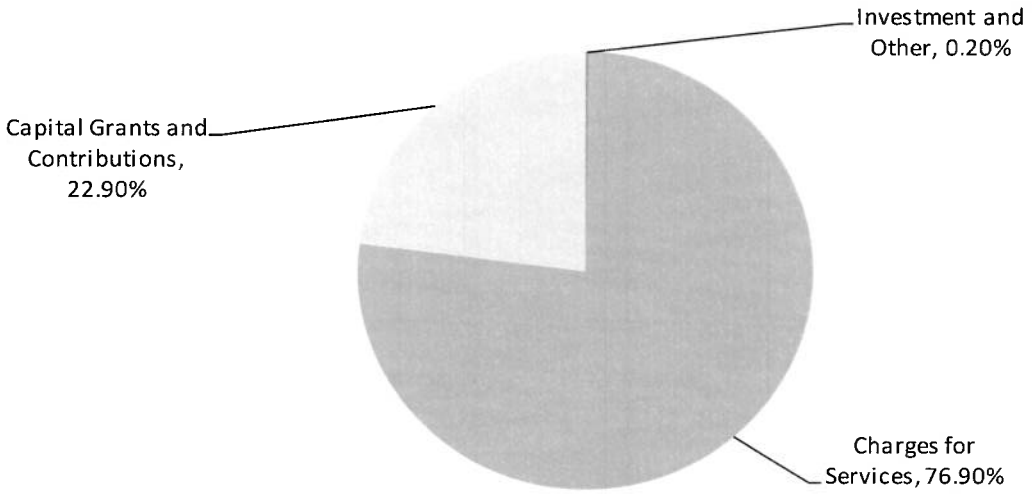

Expenses and Program Revenues - Governmental Activities
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$-
$1,159,301
$1,144,878
$126,505
$19,898
$442,247
$262,568
$84,322
$127,972
$470,449
$178,208
$1,174 $-
General Government
Public Safety
Physical Environment
Transportation
Culture and Recreation
Interest on long-term debt
Expenses
Program revenues


Revenue by Source - Governmental Activities
Intergovernmental 13%
Investment & Miscellaneous 14%
Program Revenues 51%
Property Taxes 12%
Other Taxes 10%

Expenses and Program Revenues - Business-Type Activities



Revenue by Source - Business-Type Activities



Financial Analysis of the Government's Funds
As noted earlier, the *Town of Montverde* uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds
The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the *Town of Montverde's* financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the *Town of Montverde's* governmental funds reported combined ending fund balances of $2,948,037, an increase of $579,345 in comparison with the prior year. Approximately 62% or $1,830,155 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable of $19,200, or restricted to indicate that it is restricted for particular purposes is $1,098,682.

The general fund is the chief operating fund of the *Town of Montverde*. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represent 67% and 106% respectively, of total General Fund expenditures.

The fund balance of the general fund increased by $553,404 during the current fiscal year. This can primarily be attributed to higher than expected charges for services.

Proprietary Funds
The *Town of Montverde's* proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds at the year-end amounted to $451,827. The total increase in net position for this fund was $1,209,576. Other factors concerning the finances of these funds have already been addressed in the discussion of the *Town of Montverde's* business-type activities.

General Fund Budgetary Highlights
During the year, actual revenues were $1,085,305 more than budgeted revenues and actual expenditures were $1,911,889 less than budgeted expenditures. The difference between the original General Fund budget and the final amended General Fund budget resulted in an increase of $2,616,356 in appropriations from fund balance.

Capital Asset and Debt Administration
The *Town of Montverde*'s investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to $5,156,753 (net of accumulated depreciation), for an increase of $897,420 from the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and intangibles. The total increase in the Town's investment in capital assets for the current fiscal year was 21.07% (a 19.97% increase for governmental activities, and 22.28% increase for business-type activities).

Capital Assets (Net of Depreciation) as of September 30:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	$ 490,804	$ 490,804	$ 300,963	$ 300,963	$ 791,767	$ 791,767
Construction in progress	241,784	-	591,616	211,691	833,400	211,691
Buildings	692,413	593,911	-	-	692,413	593,911
Improvements	440,627	397,528	-	-	440,627	397,528
Infrastructure	408,176	427,859	1,400,068	1,300,271	1,808,244	1,728,130
Equipment	400,271	317,049	177,937	204,664	578,208	521,713
Intangibles	4,719	5,692	7,375	8,901	12,094	14,593
Total	$ 2,678,794	$ 2,232,843	$ 2,477,959	$ 2,026,490	$ 5,156,753	$ 4,259,333

Additional information on the *Town of Montverde's* capital assets can be found in Note 5 of this report.

Long-Term Debt

At the end of the fiscal year the City has total debt outstanding of $145,417. Additional information on long-term debt can be found in Note 6 of this report.

Next Year's Budget and Rates

During the current fiscal year, the unassigned fund balance in the General Fund totaled $1,830,155. The Town has not assigned any of the fund balance for appropriations in the 2024 budget.

Requests for Information

This financial report is designed to provide a general overview of the *Town of Montverde*'s finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the office of the Town Clerk, *Town of Montverde*, 17404 6th Street, Montverde, FL 34756.

BASIC FINANCIAL STATEMENTS

Town of Montverde, Florida
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	$ 8,774,402	$ 1,525,116	$ 10,299,518
Receivables, net	57,314	119,950	177,264
Due from other governments	32,370	-	32,370
Prepaids	19,200	-	19,200
Capital Assets:			
Capital assets not being depreciated	732,588	892,579	1,625,167
Capital assets, net of accumulated depreciation	1,946,206	1,585,380	3,531,586
Total assets	11,562,080	4,123,025	15,685,105
Deferred Outflows of Resources:			
Deferred outflows of pension earnings	82,313	52,468	134,781
Liabilities:			
Accounts payable and accrued expenses	109,321	79,900	189,221
Deposits payable	-	124,256	124,256
Due to other governments	41,480	14,211	55,691
Accrued interest payable	1,174	-	1,174
Unearned revenue	5,784,448	-	5,784,448
Noncurrent Liabilities:			
Due within one year	39,113	8,016	47,129
Due in more than one year	220,749	173,987	394,736
Total liabilities	6,196,285	400,370	6,596,655
Deferred Inflows of Resources:			
Deferred inflows of pension earnings	74,736	47,638	122,374
Net Position:			
Net investment in capital assets	2,599,977	2,411,359	5,011,336
Restricted for:			
Historical	3,636	-	3,636
Police	6,435	-	6,435
Infrastructure	633,075	-	633,075
ARPA	26,252	-	26,252
Impact fees	429,284	864,299	1,293,583
Unrestricted	1,674,713	451,827	2,126,540
Total net position	$ 5,373,372	$ 3,727,485	$ 9,100,857

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Montverde, Florida
Statement of Activities
Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary Government							
Governmental Activities:							
General government	$ 1,159,301	$ 1,075,370	$ 69,508	$ -	$ (14,423)	$ -	$ (14,423)
Public safety	126,505	19,898	-	-	(106,607)	-	(106,607)
Physical environment	442,247	255,635	6,933	-	(179,679)	-	(179,679)
Transportation	84,322	59,498	68,474	-	43,650	-	43,650
Culture and recreation	470,449	104,729	73,479	-	(292,241)	-	(292,241)
Interest on long-term debt	1,174	-	-	-	(1,174)	-	(1,174)
Total governmental activities	2,283,998	1,515,130	218,394	-	(550,474)	-	(550,474)
Business-type activities:							
Water	668,262	1,390,756	-	413,887	-	1,136,381	1,136,381
Total business-type activities	668,262	1,390,756	-	413,887	-	1,136,381	1,136,381
Total primary government	$ 2,952,260	$ 2,905,886	$ 218,394	$ 413,887	(550,474)	1,136,381	585,907
		General Revenues:					
		Property taxes			396,283	-	396,283
		Franchise and utility taxes			350,530	-	350,530
		Intergovernmental			431,446	-	431,446
		Unrestricted investment earnings			51,239	3,687	54,926
		Miscellaneous			144,693	-	144,693
		Transfers			(69,508)	69,508	-
		Gain on sale of capital assets			286,045	-	286,045
		Total general revenues			1,590,728	73,195	1,663,923
		Change in net position			1,040,254	1,209,576	2,249,830
		Net position, beginning			4,333,118	2,517,909	6,851,027
		Net position, ending			$ 5,373,372	$ 3,727,485	$ 9,100,857

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Montverde, Florida
Balance Sheet - Governmental Funds
September 30, 2023

	General Fund	ARPA Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 2,963,702	$ 5,810,700	$ 8,774,402
Accounts receivable, net	57,314	-	57,314
Due from other governments	32,370	-	32,370
Prepaids	19,200	-	19,200
Total assets	$ 3,072,586	$ 5,810,700	$ 8,883,286
Liabilities			
Accounts payable and accrued liabilities	$ 45,239	$ -	$ 45,239
Deposits payable	64,082		64,082
Unearned revenue	-	5,784,448	5,784,448
Due to other governments	41,480	-	41,480
Total liabilities	150,801	5,784,448	5,935,249
Fund Balances			
Nonspendable	19,200	-	19,200
Restricted:			
Historical	3,636	-	3,636
Police	6,435	-	6,435
Infrastructure	633,075	-	633,075
Impact Fees	429,284	-	429,284
ARPA	-	26,252	26,252
Unassigned	1,830,155	-	1,830,155
Total fund balances	2,921,785	26,252	2,948,037
Total Liabilities and Fund Balances	$ 3,072,586	$ 5,810,700	$ 8,883,286

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance, governmental funds		$ 2,948,037
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		2,678,794
Deferred inflows and outflows of resources related to pension earnings are not recognized in the governmental funds, however, they are recorded in net position under full accrual accounting		7,577
Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.		
Accrued interest payable	(1,174)	
Net pension liability	(181,045)	
Financed purchases	(78,817)	(261,036)
Net position of Governmental Activities		$ 5,373,372

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Montverde, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2023

	General Fund	ARPA Fund	Total Governmental Funds
Revenues:			
Taxes:			
Property	$ 396,283	$ -	$ 396,283
Franchise and utility	350,530	-	350,530
Fees and fines	20,006	-	20,006
Intergovernmental	580,332	69,508	649,840
Charges for services	1,495,124	-	1,495,124
Investment earnings	25,298	25,941	51,239
Miscellaneous	144,693	-	144,693
Total revenues	3,012,266	95,449	3,107,715
Expenditures:			
Current:			
General government	1,111,092	-	1,111,092
Public safety	197,160	-	197,160
Physical environment	442,247	-	442,247
Transportation	246,624	-	246,624
Culture and recreation	708,239	-	708,239
Debt service:			
Interest	1,748	-	1,748
Principal	38,539	-	38,539
Total expenditures	2,745,649	-	2,745,649
Excess (deficiency) of revenues over expenditures	266,617	95,449	362,066
Other Financing Sources (Uses):			
Sale of general capital assets	286,787	-	286,787
Transfers out	-	(69,508)	(69,508)
Net change in fund balances	553,404	25,941	579,345
Fund balances, beginning	2,368,381	311	2,368,692
Fund balances, ending	$ 2,921,785	$ 26,252	$ 2,948,037

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Montverde, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2023

Net Change in Fund Balances - total governmental funds	$	579,345
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital outlay		599,018
Depreciation expense		(152,325)
Repayments of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		38,539
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and disposals) is to decrease net position.		(742)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest payable		574
Governmental funds report cash contributions to pensions as expenditures because they consume current financial resources. The Statement of Activities reports the change in pension liability and related deferrals as pension expense. This is the amount of the difference between the two amounts.		(24,155)
Change in net position of governmental activities	$	1,040,254

Town of Montverde, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	$ 411,512	$ 411,512	$ 396,283	$ (15,229)
Franchise and utility	274,200	274,200	350,530	76,330
Fees and fines	2,900	2,900	20,006	17,106
Intergovernmental	588,050	540,839	580,332	39,493
Charges for services	667,260	667,260	1,495,124	827,864
Investment earnings	4,500	4,500	25,298	20,798
Miscellaneous	25,750	25,750	144,693	118,943
Total revenues	1,974,172	1,926,961	3,012,266	1,085,305
Expenditures:				
Current:				
General government	646,975	1,012,375	1,111,092	(98,717)
Public safety	195,850	245,850	197,160	48,690
Physical environment	310,864	510,053	442,247	67,806
Transportation	251,438	251,438	246,624	4,814
Culture and recreation	557,766	2,637,822	708,239	1,929,583
Debt service:				
Interest	-	-	1,748	(1,748)
Principal	-	-	38,539	(38,539)
Total expenditures	1,962,893	4,657,538	2,745,649	1,911,889
Excess (deficiency) of revenues over expenditures	11,279	(2,730,577)	266,617	2,997,194
Other Financing Sources (Uses):				
Sale of general capital assets	-	125,500	286,787	161,287
Net change in fund balances	11,279	(2,605,077)	553,404	3,158,481
Fund balance, beginning	2,368,381	2,368,381	2,368,381	-
Fund balance, ending	$ 2,379,660	$ (236,696)	$ 2,921,785	$ 3,158,481

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Montverde, Florida
Statement of Net Position - Proprietary Fund
September 30, 2023

	Water Fund
Assets:	
Current Assets:	
Cash and cash equivalents	$ 1,525,116
Accounts receivable, net	119,950
Total current assets	1,645,066
Noncurrent assets:	
Capital Assets:	
Land	300,963
Work-In Progress	591,616
Infrastructure	2,633,268
Intangible assets	15,259
Machinery and equipment	374,878
Less accumulated depreciation	(1,438,025)
Total noncurrent assets	2,477,959
Total assets	4,123,025
Deferred outflows of resources:	
Deferred outflows of pension earnings	52,468
Liabilities:	
Current Liabilities:	
Accounts payable and accrued expenses	79,900
Due to other governments	14,211
Customer deposits payable	124,256
Notes payable	8,016
Total current liabilities	226,383
Noncurrent liabilities:	
Net pension liability	115,403
Notes payable	58,584
Total noncurrent liabilities	173,987
Total liabilities	400,370
Deferred inflows of resources:	
Deferred inflows of pension earnings	47,638
Net Position:	
Net investment in capital assets	2,411,359
Restricted for capital projects	864,299
Unrestricted	451,827
Total net position	$ 3,727,485

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Montverde, Florida
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended September 30, 2023

	Water Fund
Revenues:	
User charges	$ 1,390,756
Total operating revenues	1,390,756
Operating Expenses:	
Salaries and benefits	244,901
Contractual services	97,978
Repairs and maintenance	48,411
Bulk sewer charges	17,985
Other supplies and expenses	156,309
Depreciation	102,678
Total operating expenses	668,262
Operating income (loss)	722,494
Nonoperating Revenues (Expenses):	
Investment income	3,687
Total nonoperating revenue (expenses)	3,687
Income (loss) before capital contributions and transfers	726,181
Capital Contributions:	
Impact fees	413,887
Transfers in	69,508
Change in net position	1,209,576
Total net position, beginning	2,517,909
Total net position, ending	$ 3,727,485

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Montverde, Florida
Statement of Cash Flows
Proprietary Fund
Year Ended September 30, 2023

	Water Fund
Cash Flows from Operating Activities:	
Receipts from customers	$ 1,360,899
Payments to suppliers	(304,253)
Payments to employees	(206,228)
Net cash provided (used) by operating activities	850,418
Cash Flows from Noncapital Financing Activities:	
Transfers in	69,508
Net cash provided (used) by noncapital financing activities	69,508
Cash Flows from Capital and Related Financing Activities:	
Principal	66,600
Acquisition of capital assets	(554,147)
Impact fees	413,887
Net cash provided (used) by capital and related financing activities	(73,660)
Cash Flows from Investing Activities:	
Investment income	3,687
Net cash provided (used) by capital and related financing activities	3,687
Net increase (decrease) in cash and cash equivalents	849,953
Cash and cash equivalents, beginning	675,163
Cash and cash equivalents, ending	$ 1,525,116
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities	
Operating income (loss)	$ 722,494
Adjustments Not Affecting Cash:	
Depreciation and amortization	102,678
Change in Assets and Liabilities:	
Decrease (increase) in accounts receivable	(66,742)
Decrease (increase) deferred outflows	12,981
Increase (decrease) in accounts payable	48,554
Increase (decrease) in due to governments	(32,124)
Increase (decrease) in accrued liabilities	1,548
Increase (decrease) in customer deposits	36,885
Increase (decrease) in net pension liability	(5,325)
Increase (decrease) in deferred inflows	29,469
Total adjustments	127,924
Net cash provided (used) by operating activities	$ 850,418

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The *Town of Montverde*, Florida ("the Town") is a political subdivision of the state of Florida located in Lake County. The *Town of Montverde* was originally incorporated under the laws of the State of Florida on May 18, 1925. The legislative branch of the Town is composed of a Mayor and a four (4) member elected Council. The Town Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Town Manager. The Town provides the following services authorized by its charter: public safety (law enforcement and fire control), roads and streets, culture and recreation, planning and zoning, and water utility services.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The government reports the following funds:

Major Governmental Funds

General Fund - the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ARPA Special Revenue Fund - is a special revenue fund to track the proceeds and expenditures of the Town's American Rescue Plan Act funding.

Major Proprietary Funds
Water Fund is used to account for the operations of the Town's water system, which are financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed primarily through user charges.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the Town's water function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's water fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance:
Deposits and Investments
The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the Town are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application.* The Town's investments consist of investments authorized per Section 218.415, Florida Statutes.

Receivables and Payables
Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectibles. The County bills and collects property taxes and remits them to the Town. Town property tax revenues are recognized when levied to the extent that they result in current receivables.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All property is reassessed according to its fair value on the lien date, or January 1 of each year. Taxes are levied on October 1 of each year. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. On or around May 31 following the tax year, certificates are sold for all delinquent taxes on real property.

Inventories and Prepaid Items
All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets
The use of certain assets of the Water fund may be restricted by specific provisions of town ordinances and/or agreements with various parties. Assets so designated are identified as restricted assets on the balance sheet.

Capital Assets
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town's capitalization policy as assets with an initial, individual cost of $1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	30-40
Improvements	10-20
Infrastructure	50
Machinery and equipment	3-15
Water system	20-50
Intangibles	5-10

Compensated Absences
The Town provides paid time off (PTO) for its employees. Effective July 2017, policy was updated to allow employees to cash out up to 50% of their banked hours after voluntarily leaving employment. No payout will be given if terminated from employment. Since balances are historically low, there are no amounts accrued on the financial statements.

Long-Term Obligations
In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category, which is the deferred outflows of pension earnings.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in this category, which is the deferred inflows of pension earnings.

Net Position Flow Assumptions
Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions
Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the town's highest level of decision-making authority. The Council is the highest level of decision-making authority for the town that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the town for specific purposes but do not meet the criteria to be classified as committed. The council has maintained authority to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

New Accounting Standards
In fiscal year 2023, the Town has not implemented any new accounting standards with a material effect on the Town's financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information
The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

(1) Prior to the end of the fiscal year, the Town Clerk submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
(2) The general summary of the budget and notice of public hearing is published in the local newspaper. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, budgets are legally enacted through passage of an ordinance or resolution.
(3) Any transfer of budgeted amounts within and between divisions and departments must be approved by a majority vote of the Town Council and any revisions that alter the total appropriations of any fund must be approved by a majority vote of the Town Council. The level of classification detail at which expenditures may not legally exceed appropriations is the department level.
(4) Appropriations lapse at the close of the fiscal year to the extent they have not been expended.
(5) Budgets are adopted for the general fund on a basis consistent with accounting principles generally accepted in the United States of America. Budgets are also adopted for the enterprise funds; however, this data is not presented under generally accepted accounting principles.
(6) The Town Council, by ordinance or resolution, may make supplemental appropriations in excess of those originally estimated for the year up to the amount of available revenues. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions.

Excess Expenditures over Appropriations
Expenditures for general government, principal and interest exceeded budget for the year ended September 30, 2023.

Excess Appropriations Over Revenues and Available Fund Balance
Appropriations exceeded estimated revenues and available fund balance for the year ended September 30, 2023.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

All bank deposits were covered by Federal Depository Insurance or by collateral held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories".

Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Town uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the Town's own data in measuring unobservable inputs. The Town had no investments as defined by GASB Statement No. 72 as of September 30, 2023.

The Town's investment policies are governed by Florida Statutes, which allow the following investments:

(a) Florida Local Government Surplus Funds Trust Fund Investment Pool (SBA LGIP)
(b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency
(c) Interest bearing time deposit or savings accounts in qualified public depositories
(d) Direct obligations of the U.S. Treasury

The Town does not have an investment policy that addresses credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The Town policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposit Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2023, all of the Town's bank deposits were in qualified public depositories.

NOTE 4 RECEIVABLES

Receivables as of September 30, 2023 are as follows:

	General Fund	Water Fund	Total
Receivables:			
Accounts	$ 57,997	$ 123,952	$ 181,949
Less allowance for uncollectible accounts	(683)	(4,002)	(4,685)
	$ 57,314	$ 119,950	$ 177,264

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not being Depreciated:				
Land	$ 490,804	$ -	$ -	$ 490,804
Construction in progress	-	241,784	-	241,784
Total capital Assets, not being depreciated	490,804	241,784	-	732,588
Capital Assets, Being Depreciated:				
Buildings	1,069,953	124,010	-	1,193,963
Improvements	1,147,928	104,073	(6,927)	1,245,074
Infrastructure	1,296,934	12,020	(50,389)	1,258,565
Machinery and equipment	1,024,077	117,131	(206,072)	935,136
Intangibles	9,729	-	-	9,729
Total capital assets, being depreciated	4,548,621	357,234	(263,388)	4,642,467
Less Accumulated Depreciation for:				
Buildings	(476,042)	(25,508)	-	(501,550)
Improvements	(750,400)	(60,232)	6,185	(804,447)
Infrastructure	(869,075)	(31,703)	50,389	(850,389)
Machinery and equipment	(707,028)	(33,909)	206,072	(534,865)
Intangibles	(4,037)	(973)		(5,010)
Total accumulated depreciation	(2,806,582)	(152,325)	262,646	(2,696,261)
Total capital assets, being depreciated, net	1,742,039	204,909	(742)	1,946,206
Government activities capital assets, net	$ 2,232,843	$ 446,693	$ (742)	$ 2,678,794

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 300,963	$ -	$ -	$ 300,963
Construction in progress	211,691	379,925	-	591,616
Total capital assets, not being depreciated	512,654	379,925	-	892,579
Capital Assets, Being Depreciated:				
Water system	2,459,046	174,222	-	2,633,268
Machinery and equipment	374,878	-	-	374,878
Intangibles	15,259	-	-	15,259
Total capital assets, being depreciated	2,849,183	174,222	-	3,023,405
Less Accumulated Depreciation for:				
Water system	(1,158,775)	(74,425)	-	(1,233,200)
Machinery and equipment	(170,214)	(26,727)	-	(196,941)
Intangibles	(6,358)	(1,526)	-	(7,884)
Total accumulated depreciation	(1,335,347)	(102,678)	-	(1,438,025)
Total capital assets, being depreciated, net	1,513,836	71,544	-	1,585,380
Business-type activities capital assets, net	$ 2,026,490	$ 451,469	$ -	$ 2,477,959

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	$ 35,373
Public safety	8,816
Transportation	44,302
Culture and recreation	63,834
Total depreciation expense, governmental activities	$ 152,325
Business-type Activities:	
Water	$ 102,678
Total depreciation expense, business-type activities	$ 102,678

NOTE 6 LONG-TERM LIABILITIES

Financed Purchases
During the year ended September 30, 2022, the Town has entered into an agreement for financing the acquisition of vehicles and equipment in the amount of $117,356. The loan bears an interest rate of 1.49% and is payable in three annual payments of $40,287 starting on October 6, 2022.

Annual debt service requirements to maturity for financed purchases are as follows

	Governmental Activities	
Year Ending September 30, 2023	**Principal**	**Interest**
2024	$ 39,113	$ 1,174
2025	39,704	583
	$ 78,817	$ 1,757

State Revolving Fund Loan
In addition, in the prior year, the Town received approval of SRF loan 351300 for $163,125 and an interest rate of 1.67%. During the current year, the Town did draw funds on the approved loan in the amount of $66,600. The first payment of $8,016 on the amount drawn is due on August 15th, 2024. Total principal and interest remaining on the loan was $69,604 and total pledged revenue was $1,242,746.

Annual debt service requirements to maturity for the loan are as follows:

	Business-Type Activities	
Year Ending September 30, 2023	**Principal**	**Interest**
2024	$ 8,016	$ 1,117
2025	17,360	906
2026	17,651	615
2027	17,947	319
2028	5,626	47
	$ 66,600	$ 3,004

Changes in Long-Term Liabilities
Long-term liability activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Financed purchases	$ 117,356	$ -	$ (38,539)	$ 78,817	$ 39,113
Net pension liability	245,429	-	(64,384)	181,045	-
Governmental activity long-term liabilities	$ 362,785	$ -	$ (102,923)	$ 259,862	$ 39,113
Business-Type Activities:					
SRF loan	$ -	$ 66,600	$ -	$ 66,600	$ 8,016
Net pension liability	120,728	-	(5,325)	115,403	-
Business-type activity long-term liabilities	$ 120,728	$ 66,600	$ (5,325)	$ 182,003	$ 8,016

NOTE 7 FLORIDA RETIREMENT SYSTEM

Plan Description
Town employees participate in the Florida Retirement System ("FRS"), a cost-sharing multiple employer public employee retirement plan administered by the State of Florida Department of Management Services, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions.

Early retirement benefits may also be provided; however, there is a reduction in benefits for each year prior to normal retirement. Generally, membership is compulsory for all full-time and part-time employees. There is a 3% requirement for employees to contribute to FRS effective July 1, 2011.

The 2007 Florida Legislature continued the uniform contribution rate system under which participating employers make uniform contributions to support the FRS Pension Plan and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.405, Florida Statutes, FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS defined benefit pension plan. Employers contribute based upon blended rates determined as a percentage of the total payroll for each class or subclass of FRS membership, regardless of which retirement plan individuals elect.

The State of Florida issues a report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to Florida Retirement System, Tallahassee, Florida 32399-1560.

Funding Policy
The FRS has ten (10) classes of membership. Only two (2) classes are applicable to the Town's eligible employees. These classes, with descriptions and contribution rates in effect during the period ended September 30, 2023 are as follows:

Regular Class
Members not qualifying for other classes (16.57% [includes 3% employee contribution] from July 1, 2023 through September 30, 2023 and 14.91% [includes 3% employee contribution] from October 1, 2022 through June 30, 2023).

Senior Management Service Class
Members of senior management who do not elect the optional annuity retirement program (37.52% [includes 3% employee contribution] from July 1, 2023 through September 30, 2023 and 34.57% [includes 3% employee contribution] from October 1, 2022 through June 30, 2023).

These employer contribution rates include 1.66% and 2% HIS Plan subsidy for the periods October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively.

Pension Plan (FRS)
Plan Description
The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided
Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

NOTE 7 FLORIDA RETIREMENT SYSTEM (CONTINUED)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions
Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year.

The Town's contributions to the Pension Plan totaled $21,508 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At September 30, 2023, the Town reported a liability of $155,495 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Town's proportionate share of the net pension liability was based on the Town's 2022-23 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the Town's proportionate share was .00039 percent, which was a decrease of .00031 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the Town recognized pension expense of $34,329. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 14,600	$ -
Change of Assumptions	10,136	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,494	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	71,494	98,728
Pension Plan Contributions Subsequent to the Measurement Date	7,386	-
	$ 110,110	$ 98,728

NOTE 7 FLORIDA RETIREMENT SYSTEM (CONTINUED)

The deferred outflows of resources related to the Pension Plan, totaling $7,386 resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year Ended September 30,	
2024	$ 6,047
2025	718
2026	19,356
2027	(17,781)
2028	(4,344)
	$ 3,996

Actuarial Assumptions
The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected Generational with scale MP-2018.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

NOTE 7 FLORIDA RETIREMENT SYSTEM (CONTINUED)

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.90%	2.90%	1.10%
Fixed income	19.80%	4.50%	4.40%	3.40%
Global equity	54.00%	8.70%	7.10%	18.10%
Real estate	10.30%	7.60%	6.60%	14.80%
Private equity	11.10%	11.90%	8.80%	26.30%
Strategic investments	3.80%	6.30%	6.10%	7.70%
Total	100.00%			
Assumed inflation - mean			2.40%	1.40%

(1) As outlined in the Pension Plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	Discount Rate Minus 1% 5.70%	Current Discount Rate 6.70%	Discount Rate Plus 1% 7.70%
Town's Proportionate Share of Net Pension Liability (FRS)	$ 265,617	$ 155,495	$ 63,365

Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

NOTE 7 FLORIDA RETIREMENT SYSTEM (CONTINUED)

HIS Plan

Plan Description

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the HIS contribution for the period October 1, 2021 through June 30, 2023 and from July 1, 2023 through September 30, 2023 was 1.66% and 2%, respectively. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions to the HIS Plan totaled $6,588 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2023, the Town reported a liability of $140,953 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Town's proportionate share of the net pension liability was based on the Town's 2022-23 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the Town's proportionate share was .00089 percent, which was a decrease of .00009 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the Town recognized pension expense of $55,047. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 2,063	$ 331
Change of Assumptions	3,706	12,214
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	73	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	16,671	11,101
Pension Plan Contributions Subsequent to the Measurement Date	2,158	-
	$ 24,671	$ 23,646

NOTE 7 FLORIDA RETIREMENT SYSTEM (CONTINUED)

The deferred outflows of resources related to the HIS Plan, totaling $2,158 resulting from Town contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year Ended September 30,		
2024	$	1,466
2025		1,731
2026		1,713
2027		(2,426)
2028		(2,999)
Thereafter		(618)
	$	(1,133)

Actuarial Assumptions
The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25%, average, including inflation
Municipal Bond Rate	3.65% net of pension plan investment expense

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018 tables.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate
The discount rate used to measure the total pension liability was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate
The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 3.65%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

	Discount Rate Minus 1% 2.65%	Current Discount Rate 3.65%	Discount Rate Plus 1% 4.65%
Town's Proportionate Share of Net Pension Liability (FRS)	$ 160,805	$ 140,953	$ 124,496

NOTE 7 FLORIDA RETIREMENT SYSTEM (CONTINUED)

Pension Plan Fiduciary Net Position
Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Investment Plan
The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Town employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Senior Management, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2023 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 11.30%, Special Risk Administrative Support class 12.95%, Special Risk class 19.00%, and Senior Management Service class 12.67%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Town.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The Town made $30,007 of contributions during the year ended September 30, 2023.

Defined Contribution Plan
The Town established a 401(a) plan for the town manager. The town contributes 29% of compensation. Employees are required to contribute 3% of compensation. Employees are immediately vested in both employer and employee contributions. The Town contributed $31,675 for the year ended September 30, 2023.

NOTE 8 COMMITMENTS AND CONTINGENCIES

Litigation

The Town is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2023. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the Town.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage during the past three years.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

In accordance with Florida Statutes Section 112.0801, the Town makes continued group health insurance through the Town's current provider available to retirees and eligible dependents provided certain service requirements and normal age retirement requirement have been met. This benefit has no cost to the Town, other than the implicit cost of including retirees in the group calculation. All premiums are paid by the retiree.

The Town currently has no OPEB liability due to the following conditions:

The only other post-employment benefit the Town offers is the ability for retirees to self-pay under the Town's group health plan.

The average number of self-paying retirees at any one time has not exceeded one for the last five years.

The Town does not expect this situation to change in the foreseeable future.

Accordingly, the Town has a net OPEB obligation at September 30, 2023 of zero.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Montverde, Florida
Required Supplementary Information
Schedule of the Town's Proportionate Share of Net Pension Liability
Last Ten Fiscal Years*

Florida Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	0.00039%	0.00070%	0.00084%	0.00039%	0.00034%	0.00040%	0.00037%	0.00038%	0.00039%
Town's Proportionate Share of the Net Pension Liability	$155,495	$ 261,851	$ 63,474	$ 167,371	$ 116,406	$ 119,847	$ 109,476	$ 96,922	$ 50,328
Town's Covered Payroll	$212,356	$ 334,173	$ 396,124	$ 309,625	$ 314,738	$ 258,247	$ 263,947	$ 232,360	$ 248,515
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	73.22%	78.36%	16.02%	54.06%	36.99%	46.41%	41.48%	41.71%	20.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

Health Insurance Subsidy

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	0.00089%	0.00098%	0.00099%	0.00078%	0.00070%	0.00074%	0.00072%	0.00076%	0.00076%
Town's Proportionate Share of the Net Pension Liability	$140,953	$ 104,306	$ 121,158	$ 95,017	$ 78,069	$ 78,754	$ 76,464	$ 88,867	$ 77,173
Town's Covered Payroll	$212,356	$ 334,173	$ 396,124	$ 309,625	$ 314,738	$ 258,247	$ 263,947	$ 232,360	$ 248,515
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	66.38%	31.21%	30.59%	30.69%	24.80%	30.50%	28.97%	38.25%	31.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

*only nine years of data available

Town of Montverde, Florida
Required Supplementary Information
Schedule of the Town's Contributions
Last Ten Fiscal Years*

Florida Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 21,508	$ 24,686	$ 38,108	$ 13,876	$ 11,043	$ 11,123	$ 9,136	$ 10,051	$ 9,344
Contributions in Relation to the Contractually Required Contributions	21,508	24,686	38,108	13,876	11,043	11,123	9,136	10,051	9,344
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town's Covered Payroll	$ 235,029	$ 334,173	$ 396,124	$ 309,625	$ 314,738	$ 258,247	$ 263,947	$ 232,360	$ 248,515
Contributions as a Percentage of Covered Payroll	9.15%	7.39%	9.62%	4.48%	3.51%	4.31%	3.46%	4.33%	3.76%

Health Insurance Subsidy

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 6,588	$ 5,908	$ 6,148	$ 4,623	$ 4,040	$ 4,006	$ 3,765	$ 3,802	$ 2,992
Contributions in Relation to the Contractually Required Contributions	6,588	5,908	6,148	4,623	4,040	4,006	3,765	3,802	2,992
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town's Covered Payroll	$ 235,029	$ 334,173	$ 396,124	$ 309,625	$ 314,738	$ 258,247	$ 263,947	$ 232,360	$ 248,515
Contributions as a Percentage of Covered Payroll	2.80%	1.77%	1.55%	1.49%	1.28%	1.55%	1.43%	1.64%	1.20%

*only nine years of data available

COMPLIANCE SECTION

McDirmit Davis

934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdirmitdavis.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and Town Council
Town of Montverde, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the *Town of Montverde, Florida*, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 24, 2024.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the *Town of Montverde, Florida's* internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Town of Montverde*'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Appendix A to the Management Letter, we identified a deficiency in internal control that we consider to be a material weakness.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether *Town of Montverde's* financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards.*

Town of Montverde's Response to Findings
Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in Appendix A. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDirmit Davis

Orlando, Florida
June 24, 2024

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MANAGEMENT LETTER

Honorable Mayor and Town Council
Town of Montverde, Florida

Report on the Financial Statements
We have audited the financial statements of the *Town of Montverde, Florida*, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 24, 2024.

Auditor's Responsibility
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements
We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings
Section 10.554(1)(i.)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the finding in the preceding annual report, except as noted below:

Tabulation of Uncorrected Audit Findings

Current Year Finding #	FY 2022 Finding #	FY 2021 Finding #
2023-01	2022-01	2021-01

Official Title and Legal Authority
Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

Financial Condition and Management
Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the *Town of Montverde, Florida* has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *Town of Montverde, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town of Montverde, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have one such recommendation.

2023-02 Budgets

During our audit, we noted the Town's budget was not balanced at the fund level, as required by Florida Statutes. Additionally, budget amendments did not clearly indicate the funding sources for increases in appropriations. We recommend that budgets be balanced by fund, including use of grant funds. All budget amendments should include an increase/decrease in appropriations, and an offsetting increase/decrease in revenues or fund balance.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the council members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

McDermit Davis

Orlando, Florida
June 24, 2024

ML 2023-01-Internal Controls Over Recording Transactions in Accordance with GAAP

Criteria - AU-C Section 265 *Communicating Internal Control Related Matters Identified in an Audit*, requires auditors to evaluate whether or not the Town employees have the necessary skills and knowledge to apply generally accepted accounting principles (GAAP) in recording the Town's financial transactions and preparing its financial statements.

Condition - During the course of our audit, we had to recommend multiple adjusting entries be posted, and make several adjustments in order for financial statements to be prepared.

Cause - Due to the small size of the Town, the staff does not have the necessary qualifications and training to record transactions and prepare financial statements in accordance with GAAP.

Effect - Material misstatements in financial reporting could go undetected.

Recommendation - We recommend that Town staff receive additional training on governmental accounting standards, as well as make all required adjustments to the year-end financial statements.

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES

The Honorable Mayor and Town Council
Town of Montverde, Florida

We have examined Town of Montverde's (the Town) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2023. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, Town of Montverde complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

McDirmit Davis

Orlando, Florida
June 24, 2024



Paul Larino
Town Manager
Town of Montverde
17404 6th Sixth St.
PO Box 560008
Montverde, FL 34756

06/25/2024

Tamara Campbell, CPA
McDirmit Davis
934 N. Magnolia Avenue, Suite 100
Orlando, FL 32803

RE: FY 2023 Audit Management Response Letter

Dear Ms. Campbell,

I would like to express my sincere gratitude for your meticulous audit of the town's financial statements for the 2023 fiscal year. Your work is instrumental in ensuring the trust of our citizens in our community finances. My staff and I are dedicated to this cause, and we value your contribution. Below are my responses and comments to your findings in the audit report.

ML 2023-01- Internal Controls Over Recording Transactions in Accordance with GAAP

Criteria -AU-C Section 265 Communicating Internal Control Related Matters Identified in an Audit, requires auditors to evaluate whether the Town employees have the necessary skills and knowledge to apply generally accepted accounting principles (GAAP) in recording the Town's financial transactions and preparing its financial statements.

Condition - During the course of our audit, we had to recommend multiple adjusting entries be posted, and make several adjustments in order for financial statements to be prepared.

Cause - Due to the small size of the Town, the staff does not have the necessary qualifications and training to record transactions and prepare financial statements in accordance with GAAP.

Effect - Material misstatements in financial reporting could go undetected.

Recommendation - We recommend that Town staff receive additional training on governmental accounting standards, as well as make all required adjustments to the year-end financial statements.

Management Response - Town management agrees with the recommendations provided as a part of the audit. Staff recognizes that the nature of small towns with limited budgets creates difficulties in hiring certified CPAs qualified to meet the GAAP audit standards. Town management has placed additional internal controls in place to help satisfy this concern. This includes a formal purchasing policy and a more stringent review of finances by management and the Town Council. The town also has in training a full-time person dedicated to finance and controls.

2023-02 Budgets - During the audit, we noted the Town's budget was not balanced at the fund level, as required by Florida statutes. Additionally, budget amendments did not clearly indicate the funding source for the increase in appropriations. We recommend that the budget be balanced by funds, including use of grant funds. All budget amendments should include an increase/decrease in appropriations and an offsetting increase/decrease in revenue or fund balance.

Management Response – This has been noted and will be corrected in future budget amendments.

Respectively Submitted,

Paul Larino
Town Manager